

Message Text

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67

ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10

L-03 NSAE-00 NSC-10 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 AID-20 COME-00 EB-11 FRB-02 TRSE-00 XMB-07

OPIC-12 CIEP-02 LAB-06 SIL-01 OMB-01 SCEM-02 INT-08

SCI-06 DRC-01 /196 W

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R 281735Z DEC 73

FM AMEMBASSY ROME

TO SECSTATE WASHDC 2520

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY LONDON

AMEMBASSY LUXEMBOURG

AMEMBASSY PARIS

AMEMBASSY THE HAGUE

USMISSION EC BRUSSELS

USMISSION OECD PARIS

USMISSION GENEVA

C O N F I D E N T I A L ROME 14399

E.O. 11652: GDS

TAGS: EEC, IT

SUBJECT:*EC**EGIONAL POLICY: AN ITALIAN VIEW

1. IN COURSE CONVERSATION ON ENERGY MATTERS (SEPTTEL) WE
ASKED GUAZZARONI, DIRECTOR GENER*L ECONOMIC AFFAIRS, FOREIGN
MINISTRY, FOR HIS ASSESSMENT OF THE U R R E N T STATE OF THE EC
REGIONAL POLICY ISSUE. WE SAID WE WERE CONCERNED THAT THIS
QUESTION COULD BY ITS EFFECTS ON OTHER COMMUNITY ACTIVITIES SLOW
EC ACTION ON SERIES OF ITEMS OF INTEREST TO THE US, INCLUDING
ENERGY POLICY AND PERHAPS THE GATT 24:6 OFFER.

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2. GUAZZARONI IS FAIRLY CONFIDENT THAT THE EC COUNCIL WILL MAKE SUBSTANTIAL PROGRESS AT THE JAN 7 SESSION. HE REASONS THAT FRG WILL HAVE TO COME MUCH CLOSER TO THE COMMISSION PROPOSAL ON THE SIZE OF THE REGIONAL FUND. GUAZZARONI SAID THAT CHANCELLOR BRANDT HAD MADE AN UNDERTAKING, BUT NOT COMMITMENT, TO HEATH AT COPENHAGEN, AND DONE THE SAME TO PRIME MINISTER RUMOR DURING LATTER'S VISIT TO BONN IN NOVEMBER. MUCH OF THE PROBLEM, GUAZZARONI BELIEVES, LIES WITH SCHMIDT WHO IS PERSONALLY OPPOSED TO THE REGIONAL FUND, AT LEAST WITHOUT MAJOR CONCESSIONS ON OTHER MATTERS OF INTEREST TO THE FRG. THIS HAD LED TO A DISASTROUSLY AND DISRUPTIVELY LOW GERMAN PROPOSAL AT THE LAST COUNCIL MEETING.

3. SOME WAY CAN PROBABLY BE FOUND TO GET AROUND THE PROBLEM, PROBABLY

BY SOME SUCH DEVICE AS SETTING UP THE FUND FOR A THREE YEAR PERIOD BUT FUNDING ONLY FOR THE FIRST YEAR AT PERHAPS 400 MILLION U.A. A BIT LESS THAN THE 500 MILLION U.A. COMMISSION PROPOSAL, AND NOT TOO MUCH MORE THAN THE 200 MILLION U.A. WHICH IS ONE-THIRD OF THE FRG PROPOSAL FOR THREE YEARS.

4. COMMENT. GUAZZARONI WAS FIRM IN HIS CAUTIOUS OPTIMISM AND OBVIOUSLY BELIEVES THE MATTER IS UNDER CONTROL. REGIONAL POLICY IS OF COURSE CERTAINLY THE MOST IMPORTANT FOR THE GOI OF ANY CURRENT MATTER UNDER EC CONSIDERATION. WE HAVE FREQUENTLY HEARD AT LOWER LEVELS THAT SATISFACTION ON THE QUESTION IS A PRECONDITION FOR ITALIAN COOPERATION ON OTHER ISSUES. GUAZZARONI'S INDICATION OF APPARENT GOI WILLINGNESS TO ACCEPT A FIRST YEAR LEVEL OF FUNDING BELOW

THE COMMISSION'S PROPOSAL IS PROBABLY CONDITIONED (1) BY THE REALIZATION THAT THE SHORT-TERM ABSORPTIVE CAPACITY IS LIMITED BY ADMINISTRATIVE BOTTLENECKS WITHIN THE GOI, AND (2) ON THE EXPECTATION THAT THE SHORT-TERM SHORTFALL WILL BE COMPENSATED, AT LEAST IN PART, BY LARGER INCREMENTS IN THE TWO SUCCEEDING YEARS. VOLPE

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